Pulse Data Inc.

disciplined approach

contents

corporate profile

Pulse Data Inc. ("Pulse" or the "Company") is a Calgary-based company specializing in acquiring, marketing and licensing seismic data in Western Canada. The Company operates prudently using a disciplined approach that capitalizes on the expertise of its personnel and the strength of long-term strategic alliances with contractors, clients and competitors. Established as a joint-venture in 1987, Pulse became a public company in October 1999, and currently trades on the Toronto Stock Exchange (TSX) under the symbol PSD.

Pulse has become an industry leader in acquiring and providing seismic data to oil and gas companies. The Company grew its seismic data library substantially through its acquisition of ReQuest Income Trust ("ReQuest") in January 2002. Pulse's data library currently comprises approximately 239,000 kilometres of 2D data and approximately 4,300 square kilometres of 3D data spanning Western Canada. Through the acquisition of ReQuest, Pulse also increased and stabilized its free cash flow. In February 2001, Pulse purchased Trango Technologies Inc. ("Trango"), an emerging software company that provides innovative data management, marketing and data delivery solutions to the oil and gas industry.

Pulse is poised for disciplined growth through its large, strategic, and high-quality seismic data library, increased capacity for participation in and operation of large multi-client seismic surveys, experienced data sales and marketing team, technologically advanced infrastructure, and its healthy balance sheet and significant free cash flow.

notice of annual meeting

The annual general meeting of the shareholders of Pulse Data Inc. will be held May 15, 2003 at 10:30 a.m. in the Aquitaine Tower Auditorium, Plus 15 Level, 540 – 5th Avenue S.W., Calgary, Alberta. Shareholders unable to attend are encouraged to sign and return the form of proxy mailed with this annual report.

mission & values

mission

Pulse's mission is to convert information into knowledge by acquiring valuable, long-life, non-exclusive data that can be licensed to a wide variety of users in the petroleum and other industries. The licensing of this information creates value to our shareholders, clients, employees and contractors.

vision and values

- Pulse strives for excellence.
- We are continually developing better ways to help our clients by providing a high-quality seismic data library, superior customer service, and practical, cost-effective seismic data solutions, along with innovative technology to assist them with their seismic data library needs.
- We are continually seeking to identify new data types that will fit our business model, expand our client base, and create value for our shareholders.
- We are continually developing our long-term relationships with our contractors and suppliers through constant communication, fair compensation, and an on-going commitment to create more value for our clients.
- We are continually developing our association with our competitors and where practical, enter into business relationships in order to offer our clients cost-effective solutions.
- We are continually developing a corporate culture conducive to attaining our common goals.
- We are continually developing our disciplined approach to our business to create value for our shareholders, employees, clients, and contractors.

2002 highlights

- Completed the $27.9 million acquisition of ReQuest
- Integrated and rationalized the combined Pulse/ReQuest entity
- Closed a $26.3 million financing package with RoyNat Capital
- Repaid long-term and operating line debt of $12.5 million
- Completed five multi-client seismic surveys in the Ladyfern area in northeast British Columbia and northwest Alberta comprising a total of 752 gross (409 net) square kilometres and resulting in $12.2 million of net revenues
- Generated $16 million in data library sales
- Reduced outstanding library card obligations by $15 million (equating to 38% of the pre-paid data delivery obligation arising on the acquisition of ReQuest)
- Restructured Trango, and increased their customer base by attracting major clients on both sides of the border

highlights

financial

($000s except per share amounts)	2002		2001	
Revenue	$	31,613	$	24,631
Amortization of data library	$	12,480	$	12,169
Earnings before income taxes	$	9,124	$	7,669
Net earnings	$	6,118	$	5,440
per share – basic	$	0.16	$	0.35
per share – diluted	$	0.16	$	0.34
Cash flow from operations	$	19,830	$	20,059
per share – basic	$	0.52	$	1.28
per share – diluted	$	0.51	$	1.27
Working capital				
including current maturities	$	4,573	$	6,638
excluding current maturities	$	7,573	$	6,937
Total assets	$	98,939	$	30,564
Capital expenditures	$	14,637	$	17,610
Long-term debt	$	20,492	$	74
Current portion of long-term debt	$	3,000	$	299
Shareholders' equity	$	57,968	$	22,465
Weighted average shares outstanding				
basic		38,425,890		15,672,167
diluted		38,871,739		15,795,506
Shares outstanding at period end		40,407,434		17,297,687

operational

	2002	2001
Seismic Library		
2D (km)	238,571	8,593
3D (km²)	4,336	1,312

president's message

our disciplined approach has greatly contributed to our success

a disciplined approach

I am pleased to report the operating and financial results of Pulse for the year ended December 31, 2002. Despite a challenging year characterized by a reduction in exploration, development and production activity, Pulse increased its earnings by maintaining a disciplined approach to managing its financial position, its operational activities and its growth.

Up to now, our disciplined approach has meant that we have focused on our core business – acquiring seismic data for our library – and on managing that business well. Our recent acquisitions, ReQuest and Trango, were complementary to this core business. Through ReQuest, we dramatically increased the size of our seismic data library and increased the stability of our free cash flow, and through Trango, we acquired the means to manage, innovatively market, and distribute large databases more efficiently.

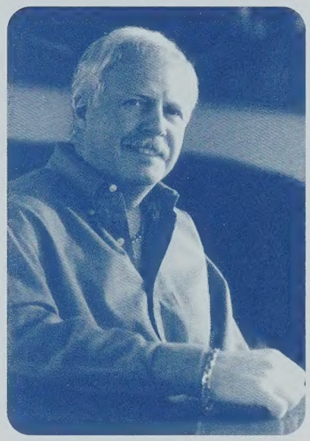
Our objectives for 2002 were also focused on our core business. Our primary goals were to integrate ReQuest, to put in place the management systems required to handle large volumes of data, to grow the multi-client survey aspect of our business, to strengthen and consolidate our management team and strengthen our financial position, all of which we have accomplished. We are now well positioned to take advantage of the improved operating climate forecast for 2003.

a year of challenges

Despite improving fundamentals, 2002 presented a number of challenges to the oil and gas services industry in general and Pulse in particular. The late 2001 softening of commodity prices continued into early 2002. However, oil and natural gas prices began to strengthen mid-year, and remained robust, especially toward the end of the year. In previous years, improving commodity prices would have supported healthy oilfield services activity and a strong demand for seismic data. However, drilling activity in Canada slumped in 2002 to 14,459 wells from 17,933 in 2001, a decrease of more than 19%. Rig utilization rates were 45% compared to 61% in 2001, with an average 300 rigs drilling out of a fleet of 652.

Other factors such as tensions in the Middle East and uncertainty regarding ratification of the Kyoto Accord also impacted results. Merger and acquisition activity caused a slowdown in the seismic sector as newly amalgamated companies evaluated their combined libraries before acquiring additional seismic data. As well, exploration activity decreased in part because of the proliferation of Income Trusts, which reduced the demand for seismic.

Pulse's particular situation was impacted by the acquisition of ReQuest. While we believe this acquisition will be accretive to Pulse shareholders, we recognize that was not the case in 2002. Management acknowledges that there was a significant data obligation associated with the data library acquired in the ReQuest takeover, and therefore the revenue-generating potential of the ReQuest assets, in the short term, is adversely affected. While the impact of this transaction in 2002 has not resulted in the achievement of sales levels originally anticipated, management firmly believes that there is significant value in the data, and future data sales from the acquired ReQuest seismic library are expected to support the purchase price.



Ken MacDonald
President and CEO

However, I am very pleased to report that because of Pulse's disciplined approach to its business, we had a reasonably good year regardless of these challenges.

operational results

Despite reduced industry activity levels, during our 2001-2002 winter seismic season, Pulse completed five 3D multi-client seismic surveys in the Ladyfern area of northeast British Columbia and northwest Alberta comprising 752 gross (409 net) square kilometres.

At the beginning of our second quarter, in keeping with our corporate strategy of focusing on the growth of our seismic library and rationalizing non-core operations, Pulse sold the ReQuest Seismic Surveys Ltd. brokerage division to Divestco.com Inc. of Calgary, and restructured the Company's data library storage arrangements.

During the third quarter, Pulse completed a 50-kilometre 2D foothills multi-client survey and purchased 160 square kilometres (80 square kilometres net) of 3D data in northeast British Columbia.

In the fourth quarter, Pulse generated revenues of over $7 million from data library sales, comprising approximately $4.6 million from data shot in prior years, and the balance from data acquired in 2002.

Our subsidiary, Trango, underwent a major overhaul as well during 2002. We purchased the remaining outstanding shares of Trango, moved their entire operation into Pulse's offices, reorganized the reporting structure and increased Trango's customer base by attracting major clients on both sides of the border. Originally designed for seismic data, Trango software is adaptable to any GIS-based data.

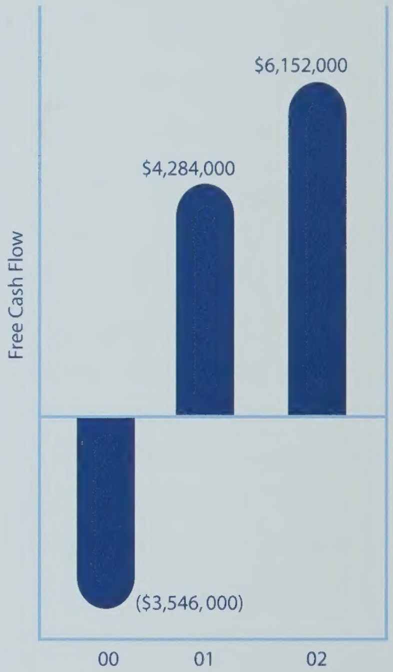
financial results

For the year ended December 31, 2002 revenues grew 28.3% to $31.6 million from $24.6 million in 2001, while net earnings grew 12.5% to $6.1 million in 2002 from $5.4 million in 2001. Earnings per share, basic and diluted, for 2002 decreased by 54.3%, to $0.16 per share from $0.35 and $0.34 respectively despite the revenue and net earnings growth, due to the dilutive impact of the 23,029,747 shares issued in early 2002 as consideration paid for the acquisition of ReQuest.

Cash flow from operations for the year ended December 31, 2002 decreased 1% to $19.8 million ($0.51 per share diluted) from $20.0 million ($1.27 per share diluted) at the end of 2001. The reduction in cash flow per share in 2002 again, is attributable primarily to the increased number of outstanding shares.

An important financial parameter in the seismic business is free cash flow before debt service and discretionary capital spending. Two methodologies that Pulse has utilized in measuring free cash flow are: (1) cash from operations less multi-client additions to the data library and monetary data exchange transactions included in data library sales, and (2) cash flow from operations (i.e. before net changes in non-cash working capital items) less the multi-client additions to the data library and monetary data exchange transactions. Utilizing the second methodology, in 2002, Pulse generated free cash flow of $6.2 million ($0.16 per share diluted) compared to $4.3 million ($0.27 per share diluted) in 2001. Pulse is expecting increased free cash flow levels in 2003 compared to 2002.

FREE CASH FLOW
(based on cash flow from operations)



During 2002 Pulse repaid long-term debt and operating debt totalling $12.5 million.

In November, Pulse closed a $26.3 million five-year term debt facility with RoyNat Capital. The proceeds were applied to refinancing term loans with RoyNat Capital and Scotiabank and to funding the Company's share of acquisition costs for the winter of 2002/2003 multi-client survey programs. Pulse is financially sound with positive working capital of $4.6 million at year end.

outlook

The operating environment for 2003 is expected to improve considerably over that of 2002. Commodity prices have risen in the early part of the year due to an interruption in Venezuelan oil exports, speculation regarding a war with Iraq, and cold winter weather throughout much of North America. Industry activity is expected to be largely gas-driven primarily because drilling last year did not keep pace with decline rates and new supplies are needed to support increased demand.

Canadian light crude is forecast to average Cdn$40 per barrel for 2003 and WTI to range from US$25 per barrel to US$26.50. Canadian natural gas is forecast to average up to Cdn$6.00 per gigajoule in 2003, and NYMEX gas to range between US$3.75 per MMBTU and US$4.00 per MMBTU. Forecasts for drilling activity levels range from 17,500 wells to 18,300 wells in Canada as exploration and production companies, on average, plan to increase their spending in the Western Canadian Sedimentary Basin.

With the acquisition and integration of ReQuest, the refocusing of Trango and the financial restructuring of Pulse complete, we are now in an excellent position to take advantage of the expected improved operating environment.

plans for 2003

Pulse will continue to exercise discipline in implementing a scalable business model designed to maintain strong and steadily increasing free cash flow levels, profitability, and stability throughout inevitable commodity price cycles. We will target a wide range of exploration companies for our seismic services and for our data management software. Expansion strategies include adding complementary, profitable and well-managed businesses within the oil and gas services sector.

acknowledgements

Pulse was successful in attaining its objectives and maintaining a strong balance sheet, despite a less than favourable operating environment in 2002. This is due in no small part to our employees and management, whose hard work and dedication ensured this success. I would also like to thank our Board of Directors for their guidance and our shareholders for their continued support of Pulse.

Ken MacDonald
President and CEO
Pulse Data Inc.
March 14, 2003

Pulse's seismic data library has increased significantly since 1999

seismic sector profile

The seismic data marketplace can be broken into quadrants

- Field Acquisition which is capital intensive
- Data Processing which has a high fixed cost and low margins
- Brokerage & Data Management which has low capital requirements but also low margins
- Data Library which is highly profitable

The competitive landscape is mixed, ranging from small data brokerage companies, to data managers, to regional integrated companies to large multinational integrated companies.

Pulse's business model places it firmly in the high-profit sector of the market place. The Company enjoys an excellent reputation with its customers, contractors and competitors and will participate in joint venture arrangements when it can increase its exposure through the ownership of larger amounts of data, increase its operational and marketing strength and reduce its risk.

Seismic Field Acquisition • High Capital Cost • Risk • High Overhead • Seasonal • Competitive	**Seismic Data Library** • Low Net Capital Cost • Lower Risk • Low Overhead • Less Competitive • High Margin
Seismic Data Processing • Medium Capital Cost • Risk • Medium Overhead • High Volume • Competitive • Low Margin	**Seismic Brokerage and Data Management** • Low Capital Cost • Lower Risk • Low Overhead • High Volume • Competitive • Low Margin

pulse's organizational structure

Pulse conducts its operations through three business segments

- Multi-client Surveys
- Seismic Data Library
- Trango

multi-client seismic surveys

Multi-client or participation surveys are seismic surveys that are partially funded by one or more oil and gas companies interested in exploring a prospective area. Once a prospective area has been identified, potential clients are invited to subscribe to the seismic information prior to it being acquired in the field. When sufficient subscriptions have been procured, Pulse hires and supervises subcontractors to perform the variety of tasks involved in a survey. Pulse retains the ownership rights to the seismic data and later licenses the data to other interested clients. This strategy has proven successful in Canada where mineral rights can revert back to the Crown after several years spurring renewed interest in an area. Well recorded seismic data has a useful technical life of more than twenty years and can experience many active exploration cycles over its life span. Revenue from the licensing of data can potentially exceed the original capital cost many times over.

The competitive advantages gained by the oil companies participating in the surveys include

- the ability to evaluate large tracts of land with cost-effective seismic data
- the ability to explore in an area on a confidential basis
- the opportunity to interpret new, high-quality data with limited competition
- the ability to reallocate personnel to other tasks who would otherwise be tied up supervising the acquisition and processing of this seismic data

Strategic Value

In 2002, multi-client surveys contributed $13.3 million, or 42% of total revenue. The competitive advantage that multi-client surveys affords Pulse includes the opportunity for repeat business by delivering quality seismic data in a timely manner.

Objectives for 2002

In 2002 Pulse faced two challenges in this area

- In a downturn market, Pulse was presented with a large number of multi-client survey opportunities, many of which were not economic; the Company's challenge was to select those which were likely to present the highest return on investment. Pulse collected less data in 2002 compared to 2001, however the licensing revenue of the 2002 data exceeded the Company's expectations
- Pulse was faced with combining two quite different historical approaches to acquiring multi-client data between Pulse and ReQuest. The success of multi-client surveys in 2002 attests to the fact that the Company achieved its goal of integrating the two groups

Operational Highlights for 2002

During the 2001-2002 winter seismic season, Pulse completed five 3D multi-client seismic surveys in the Ladyfern area of northeast British Columbia and northwest Alberta comprising 752 gross (409 net) square kilometres. Pulse's total cost for the five surveys was $11.6 million, and because the Company had covered 105% of the cost prior to delivering the data, there was no net cash outlay for Pulse. Pulse is pleased that the costs for these programs came in as planned, and the total pre-sale commitments from participants for the surveys exceeded expectations.

During the third quarter, Pulse completed a 50-kilometre 2D foothills multi-client survey and purchased 160 square kilometres (80 square kilometres net) of 3D data in northeast British Columbia. To date, licensing revenue from this 3D survey has covered 146% of the purchase price.

Future Plans

Pulse's plans for multi-client surveys in 2003 include

- continuing to develop 3D survey coverage in the core Ladyfern area
- focusing on recording new data over gas targets in the Canadian foothills and northeast British Columbia
- maintaining our position as the leader and provider of choice for the Western Canadian multi-client seismic survey market

seismic data library

Business Focus

As a result of the ReQuest acquisition, Pulse now owns and controls one of the largest, most strategically positioned, non-exclusive seismic data libraries in the Western Canadian Sedimentary Basin. The data library currently comprises approximately 239,000 kilometres of 2D data and approximately 4,300 square kilometres of 3D data spanning Western Canada. The size, high quality, and diversity of Pulse's seismic library enhances the Company's potential to generate positive financial results even during periods of reduced industry activity, as illustrated earlier in the discussion of free cash flow.

During 2002, Pulse launched an extensive program to enhance the licensing of the data acquired from ReQuest through several initiatives designed to upgrade the quality of the processing and to rationalize the pricing of the data.

The seismic data is stored in a variety of forms. All of the original paper, analog and digital data is kept in secure storage. Copies of this data are stored either electronically or on a medium that is easily accessible when the data is licensed. The data that is stored electronically is available for internet quality inspection ("QI") and delivery. To that end, through Pulse's wholly owned subsidiary Trango, the Company is currently developing an internet QI and sales application that will allow its customers internet access to Pulse's seismic data.

Pulse will continue to add to its extensive data library both by shooting new multi-client data and purchasing quality data bases as they become available.

In 2002, the seismic data library segment contributed \$15.9 million or 50% of total revenue. The competitive advantage of this large and diverse seismic data base is that it generates relatively stable free cash flow through the inevitable cycles of the oil and gas industry.

Another advantage of owning a large and diverse data library, is that it provides Pulse with valuable information regarding exploration trends, which aids in the design of multi-client surveys.

The primary objectives of the seismic data library segment in 2002 were to restructure its pricing policies to more accurately reflect the current value of the data, enhance the existing data base so that it becomes more attractive to potential licensees, and to develop an efficient QI and data ordering system.

The Company entered into an agreement with a major service supplier to substantially clean up the library thus enhancing the future licensing potential of the data. As well, Pulse signed an agreement with a major client to acquire reprocessed versions of a key portion of the library which should considerably enhance the licensing potential of the data.

At the beginning of the second quarter, in keeping with Pulse's corporate strategy of focusing on growing its seismic library and rationalizing non-core operations, Pulse sold the ReQuest Seismic Surveys Ltd. brokerage division to Divestco.com Inc. of Calgary, and restructured its data library storage arrangements.

In the fourth quarter, Pulse generated revenues of over \$7 million from data library sales, comprising approximately \$4.6 million from data shot in prior years, and the balance from data acquired in 2002.

Future plans within this business segment are to continue to enhance the licensing potential of the data through initiatives designed to improve the product, as well as access to and deliverability of the data. Pulse will devote a major effort to developing an in-house marketing department responsible for licensing the data. In addition, the Company will continue to investigate and evaluate new sources of seismic data from exploration and production companies or competitors.

trango

Trango, a wholly owned subsidiary of Pulse, provides data management software and database consulting to the oil and gas industry.

Developed in Canada and internationalized in 2000, Trango's software helps data managers catalogue and track their seismic, geological, well, and related corporate assets. Trango's clients range from Canadian juniors to large United States based multinationals.

Trango's GIS-enabled software and enterprise database provide a centralized platform for companies to exploit the value of their seismic assets. Unlike competitors who provide single-source storage software, Trango's integrated solutions provide clients with access to all of their physical and electronic assets regardless of where they are located.

Trango's software solutions give the Company a leading edge solution to manage, market and distribute a wide range of information. Trango will begin by developing solutions that are particularly applicable to seismic data and expand those capabilities to cover other information data bases with economic value to the corporation.

Specific objectives for Trango in 2002 were to

- integrate Trango personnel with Pulse's main office
- install Trango data management software at Pulse and develop QI, data sales and invoicing modules for Pulse
- place Trango software in several major multinational companies
- produce a "lite" version of the data management software, based on the next generation software that will address the needs of smaller oil and gas companies and allow them a transparent growth path to the full version of our software

Trango personnel were relocated into Pulse's downtown offices in September 2002. The move has resulted in a more productive work environment.

The process of installing Trango software to manage Pulse's seismic data is substantially complete and the impact on the efficiency of licensing, processing and information flow has been very positive.

Trango has been successful in placing its software in several major multinational companies.

Trango is very excited about its next generation software, Manager 4 ("M4"). Planned for release in 2003, M4 combines its current software tools into one internet enabled application. This architecture will significantly reduce development time, allowing Trango to quickly capitalize on emerging business opportunities.

By keeping its focus on integrated software solutions, Trango management sees excellent growth potential as the market for its products and services continues to expand.

md&a

overview

revenue

The Company's data library has grown significantly because of the January 31, 2002 acquisition of ReQuest; leading to the increase in library licensing revenues over last year, despite generally lower industry activity levels in 2002 compared to 2001. While an increase in multi-client sales for 2002 over 2001 was forecast, two multi-client survey programs that were projected for the fourth quarter of 2002 did not materialize due to the general downturn in industry activity. The 2002/2003 winter programs will be completed in early 2003, with revenue being recognized upon delivery of the data in the first and second quarters of 2003.

Pulse's third revenue segment, labeled as "Other" in the table that follows, includes revenue generated from project management fees which are earned for conducting private survey programs for clients. Pulse does not hold any ownership in the data shot in these programs. In addition, this segment includes revenue generated by Pulse's wholly owned subsidiary, Trango, relating to software licence sales, support and installation service revenue.

Revenue Source	for the twelve months ended December 31			
		2002		2001
	Revenue ($millions)	**% of Total Revenue**	Revenue ($millions)	% of Total Revenue
Multi-client participation surveys	**13.3**	**42**	17.7	72
Data library licence sales	**15.9**	**50**	5.6	23
Other	**2.4**	**8**	1.3	5
Total	**31.6**	**100**	24.6	100

In conjunction with the Company's corporate strategy of streamlining operations, the ReQuest brokerage division was sold at the beginning of the second quarter. This brokerage division generated gross revenues of $32.2 million and a very low gross margin for the year ended December 31, 2001. Because of the division's sale, Pulse's financial statements at December 31, 2002 do not include the brokerage division revenues that were previously recorded in the historical financial statements of ReQuest.

Total library and commitment card licence contracts entered into during 2002 (including undrawn data) were approximately $6.9 million. Based on the Company's revenue recognition policy of not recognizing revenue on these contracts until the seismic data is delivered to the customer, the total revenue recognized from these contracts in 2002 was $3.2 million with the difference booked to deferred revenue. This amount represents a significant improvement in drawdown rates compared to prior years.

amortization and depreciation

The most significant expense to Pulse is the charge for amortization and depreciation. Amortization and depreciation expense was $13,129,000 (41.5% of revenue) for the year ended December 31, 2002, compared to $12,419,000 (50.4% of revenue) in 2001. Amortization and depreciation expense was approximately 6% higher in 2002 compared to 2001 despite a 28.3% increase in revenue. This is due to the change in estimate in calculating amortization of the seismic data library resulting from the change in the nature of the data library in 2002.

general and administrative ("g&a") expenses

G&A expenses were $6,928,000 in 2002 compared to $3,528,000 in 2001. This increase in G&A expense is attributable primarily to the inclusion of ReQuest's G&A since February 1, 2002, and severance costs of approximately $500,000 during the year. Total G&A expenses in 2002 represents a significant reduction compared to the combined G&A expenses of Pulse and ReQuest in 2001, and the Company expects G&A expenses in 2003 to be less than 2002 levels.

Pulse remains very focused on cost control, and over the year has made significant changes in its corporate structure to reduce G & A expenses. Divesting itself of the brokerage division and restructuring the data storage arrangements, in addition to reducing staff by 35 people in the combined Pulse/ReQuest operations during 2002 have resulted in significant cost savings. The full impact of implementing these cost control changes will not be realized until 2003.

interest expense

Interest expense on long-term debt in 2002 was $1,202,000 and included $1,029,000 relating to the long-term debt assumed on the acquisition of ReQuest, compared to $61,000 in the comparable period in 2001. Additionally, in 2002 Pulse paid other interest of approximately $240,000 as a result of a GST audit on prior years' results of ReQuest Seismic Surveys Ltd. In 2001 Pulse earned interest income as a result of investing its excess cash in the short-term money market.

income taxes

The total income tax provision for 2002 is $3,006,000 reflecting an effective tax rate of 33% compared to a total provision of $2,229,000 and an effective tax rate of 30% in 2001. The effective rate for the year ended December 31, 2001 was low because of the amortization of the deferred credit. In 2002, the low rate results from the reversal of a valuation allowance that had been taken on the acquisition of ReQuest.

data library

Effective January 31, 2002 Pulse acquired all of the 10,984,846 issued and outstanding units of ReQuest in exchange for 23,029,747 common shares of Pulse with a market value of $27.2 million before transaction costs of approximately $710,000 (net of income taxes). This acquisition has been accounted for under the Purchase Method of accounting, and is described in more detail in Note 2 to the consolidated financial statements. While the impact of this transaction in 2002 has not resulted in the achievement of license revenue levels originally anticipated, management firmly believes that there is significant value in the acquired data, and future data licensing levels for the acquired ReQuest seismic library are expected to support the purchase price.

Pulse has experienced the same impact as other oilfield service industry companies this year, resulting in lower than forecast revenues and profits. For example, the large volume of merger and acquisition activity caused a slowdown in the seismic sector as newly merged companies evaluated their combined data libraries. In addition, drilling activity in Canada in 2002 slowed, resulting in a 19% decrease in the number of wells drilled.

The data library acquired in the ReQuest takeover was tied to significant pre-paid data delivery obligations. The revenue-generating potential of the ReQuest assets, in the short term, is adversely affected as a result of these obligations. An outstanding obligation to deliver approximately $40,000,000 of seismic data from the ReQuest library, as of the takeover date of January 31, 2002, has been reduced by 38%, to approximately $25,000,000 by the end of 2002. As each company takes delivery of its data, new opportunities arise to license additional data to them. It is expected that the data relating to these delivery obligations will continue to be drawn down at a similar rate through 2003.

In addition to the acquisition of ReQuest, Pulse invested $14.6 million in capital expenditures related to data library acquisitions during 2002. All but two of the multi-client programs shot in 2002 were 3D programs conducted in northeast British Columbia. The other two programs were 2D programs also in northeast British Columbia. Pulse also purchased existing 3D and 2D databases from oil and gas companies, and achieved significant licensing revenues from subsequent license transactions in the latter half of the year.

future tax asset

The future tax asset has increased 137% to $5.7 million at December 31, 2002 from $2.4 million at December 31, 2001 as a result of the income tax loss carry forward position related to ReQuest.

liquidity, capital resources and capital requirements

Pulse had a positive working capital position of $4,600,000, at December 31, 2002 compared to $6,600,000 at December 31, 2001. One factor in the decrease of $2,000,000 to the working capital position is the addition of $3,000,000 in the current portion of long-term debt. The current liabilities in 2001 included only $299,000 as the current portion of the total $373,000 in long-term debt.

In November, Pulse closed a $26,300,000 financing package with Roynat Capital. Proceeds received to December 31, 2002 of $23,300,000 were applied to refinance all existing bank loans acquired with the purchase of ReQuest, with the balance being used to fund Pulse's share of acquisition costs for this winter's multi-client surveys. The remaining $3,000,000 will be advanced to Pulse in 2003 if the Company requires the funding for the winter multi-client seismic survey programs. All financial covenants with Pulse's debt lenders are on side at the end of the year, and have been throughout 2002.

During 2002 Pulse paid $6 million in long-term debt principal payments and $6.5 million was paid to eliminate the ReQuest bank operating line assumed on the acquisition of ReQuest.

Accounts receivable at December 31, 2002 were $17,896,000, an increase of 249% over the $5,125,000 at December 31, 2001. The December 31, 2002 balance includes payments due to the Company under contract for data library cards purchased in 2002, whereas prior to 2002 Pulse did not enter into large volume library card contracts.

Accounts payable and accrued liabilities at December 31, 2002 increased 171% to $10,999,000 from $4,065,000 at December 31, 2001. The 2002 balance includes approximately $2,320,000 pertaining to liabilities assumed on the ReQuest acquisition. The other major reason for the increase is the Company's significant volume of multi-client program and project management work in progress at December 31, 2002.

Pulse's 2002 financial results generally reflect the depressed industry activity levels that have been experienced throughout 2002. Pulse expects that its cash flow from operations, as well as the additional financing to be received in 2003, will be more than sufficient to finance operations, debt servicing, and budgeted capital expenditures in 2003.

Financial Summary

				2002				**2001**
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenue	**8,510**	**4,687**	**11,917**	**6,499**	4,173	3,751	9,550	7,157
Cash Flow	**5,637**	**3,081**	**7,100**	**4,012**	2,625	3,256	7,845	6,333
per share – basic	**0.14**	**0.08**	**0.18**	**0.12**	0.15	0.21	0.50	0.42
per share – diluted	**0.14**	**0.08**	**0.17**	**0.12**	0.14	0.21	0.50	0.42
Earnings	**2,135**	**931**	**2,187**	**865**	276	964	2,189	2,011
per share – basic	**0.05**	**0.03**	**0.05**	**0.03**	.02	.06	0.14	0.13
per share – diluted	**0.05**	**0.03**	**0.05**	**0.03**	.01	.06	0.14	0.13
Total Assets	**98,939**	**86,616**	**94,776**	**101,576**	30,564	26,862	30,684	30,501
Long-term Debt	**20,492**	**17,554**	**22,681**	**17,025**	74	79	0	112

business risks

An investment in Pulse shares should be considered speculative due to the nature of Pulse's business and operations. In addition to the other information in the report, prospective investors should carefully consider each of, and the cumulative effect of, all the following factors.

Demand for Pulse's services and product depends primarily upon the level of exploration and development activity by oil and natural gas companies. These activity levels are directly affected by fluctuations in world energy prices, supply and demand for oil and natural gas, and to a lesser extent government regulation, including regulation of environmental matters, all of which are beyond the control of Pulse.

Pulse's surveys are traditionally completed in the winter season when frozen ground conditions permit the movement and operation of heavy equipment in the northern areas of Alberta and British Columbia. If an unseasonably warm winter prevents sufficient freezing to occur, Pulse may not be able to complete its winter seismic participation survey programs with the result that Pulse's operating results and financial condition could be adversely affected.

Pulse's ability to compete is largely dependent on its ability to produce high-quality seismic surveys in selected areas and to retain seismic acquisition contractors to complete the surveys. Lack of availability of such companies or services would impair Pulse's ability to produce seismic surveys.

The geophysical service industry in which Pulse operates is highly competitive. Pulse competes with other more established companies which have greater financial, marketing and other resources and certain of which are large international geophysical services companies that offer a wider array of geophysical services to their clients than does Pulse. Pulse also competes with other companies that own seismic data bases on a "retail" basis. The licence price of seismic data is dependent on the supply of data in the marketplace as well as the demand for such data. If the supply of seismic data increases, there may be downward pressure on the data prices.

The non-exclusive seismic survey business is predominantly sold through the data brokerage network and so Pulse, in many circumstances is not able to determine the end user of its product. However it is possible that a significant amount of Pulse's sales are to a limited number of end users. If this is the case, the loss by Pulse of the business of one or more of such end users could have a materially negative impact on Pulse's financial position.

Pulse's operations are subject to a variety of federal and provincial laws and regulations, including laws and regulations relating to the protection of the environment. Pulse and the companies it subcontracts to conduct seismic surveys on its behalf are required to invest financial and managerial resources to comply with such laws and related permit requirements in their operations and Pulse anticipates that it will continue to do so in the future. Although such expenditures historically have not been material to Pulse, such laws or regulations are subject to change and accordingly, it is impossible for Pulse to predict the cost or impact of such laws and regulations on its future operations. The adoption of laws and regulations, which could have the effect of curtailing exploration by oil and gas companies, could also adversely affect Pulse's operations by reducing the demand for its seismic surveys.

The seismic data industry in which Pulse participates has recently experienced an increase in demand for larger 3D seismic surveys. In comparison to the costs of acquiring 2D seismic surveys and smaller 3D seismic surveys in which Pulse has historically participated, the costs of such larger 3D seismic surveys are significant. In order to participate in such larger surveys, yet share the cost risks associated therewith, Pulse has sought strategic alliances with certain of its competitors for the purposes of participating jointly in such larger surveys.

outlook

Management has been very encouraged with activity levels in the fourth quarter of 2002 and the early portion of 2003, and is therefore optimistic of the operating environment for 2003. Commodity prices have risen in the early part of the year due to an interruption in Venezuelan oil exports, speculation regarding a war with Iraq and cold winter weather throughout much of North America. Industry activity is expected to be largely gas-driven primarily because drilling last year did not keep pace with decline rates and new supplies are needed to support demand. In addition, the integration of ReQuest is substantially behind us.

Pulse will continue to exercise discipline in implementing a scalable business model designed to maintain profitability and stability throughout the commodity price cycle. The Company will target a wide range of exploration companies for its seismic services and for its data management software. The Company continues to review and evaluate expansion strategies that involve acquiring complementary businesses within the oil and gas services sector.

management's responsibility for the financial statements

The accompanying consolidated financial statements and all information in the Annual Report are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with the accounting policies in the notes to the financial statements. When necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality, and are in accordance with Canadian generally accepted accounting principles ("GAAP") appropriate in the circumstances. The financial information elsewhere in the Annual Report has been reviewed to ensure consistency with that in the consolidated financial statements.

Management has prepared Management's Discussion and Analysis ("MD&A"). The MD&A is based upon the Corporation's financial results prepared in accordance with Canadian GAAP. The MD&A compares the audited financial results for the twelve months ended December 31, 2002 to December 31, 2001.

Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records properly maintained to provide reliable information for the preparation of the financial statements.

KPMG LLP, an independent firm of Chartered Accountants, was engaged, as approved by a vote of shareholders at the Corporation's most recent annual general and special meeting, to audit the consolidated financial statements in accordance with generally accepted auditing standards in Canada and provide an independent professional opinion.

The Audit Committee of the Board of Directors, which is comprised of three directors who are not employees of the Corporation, has discussed the consolidated financial statements, including the notes thereto, with management and external auditors. The consolidated financial statements have been approved by the Board of Directors on the recommendation of the Audit Committee.

Ken MacDonald
President and Chief Executive Officer

Douglas A. Cutts
Vice President Finance and Chief Financial Officer

March 14, 2003

auditors' report to the shareholders

We have audited the consolidated balance sheets of Pulse Data Inc. as at December 31, 2002 and 2001 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Calgary, Canada
February 21, 2003

consolidated balance sheets

($000s) December 31,	2002	2001
Assets		
Current assets		
Cash and cash equivalents	$ 6,123	$ 7,418
Accounts receivable	17,896	5,125
Prepaid expenses	210	–
	24,229	12,543
Investments	1,376	–
Seismic data library (note 3)	66,322	14,486
Capital assets (note 4)	1,204	761
Deferred financing costs	128	407
Future income tax asset (note 5)	5,680	2,367
	$ 98,939	$ [illegible]
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 10,999	$ 4,065
Income taxes payable	1,303	–
Deferred revenue	4,354	1,541
Current portion of long-term debt (note 6)	3,000	[illegible]
	19,656	[illegible]
Long-term debt (note 6)	20,492	74
Deferred revenue	823	–
Deferred [illegible]	–	[illegible]
Shareholders' equity		
Share capital (note 7)	41,929	14,664
Retained earnings	16,039	7,801
	57,968	[illegible]
	$ 98,939	$ [illegible]

See accompanying notes to consolidated financial statements

On behalf of the Board:

Director

Director

financials

financials

consolidated statements of earnings

[illegible]	2002	[illegible]
[illegible]	$ 31,613	[illegible]
[illegible]		
[illegible]	12,480	[illegible]
[illegible]	995	[illegible]
[illegible]	6,928	[illegible]
[illegible]	649	[illegible]
	21,052	[illegible]
[illegible]	10,561	[illegible]
[illegible]		
[illegible]	1,202	[illegible]
[illegible]	235	[illegible]
	1,437	[illegible]
[illegible]	9,124	[illegible]
[illegible]		
[illegible]	1,647	[illegible]
[illegible]	1,359	[illegible]
	3,006	[illegible]
[illegible]	$ 6,118	[illegible]
[illegible]		
[illegible]	$ 0.16	[illegible]
[illegible]	$ 0.16	[illegible]

[illegible]

consolidated statements of retained earnings

[illegible]	2002	[illegible]
[illegible]	$ 7,801	[illegible]
[illegible]	2,120	
[illegible]	6,118	[illegible]
[illegible]	$ 16,039	[illegible]

[illegible]

consolidated statements of cash flows

	2002
	$ 6,118
	13,129
	1,359
	(776)
	19,830
	2,317
	823
	22,970
	(25,839)
	23,300
	(6,461)
	(128)
	90
	(9,038)
	(14,595)
	(663)
	73
	(42)
	-
	(15,227)
	(1,295)
	7,418
	$ 6,123

financials

notes to the consolidated financial statements

Years ended December 31, 2002 and 2001 (Tabular amounts in $000s, except per share data)

Pulse Data Inc. (the "Corporation") is incorporated under the Canada Business Corporations Act and is a publicly traded company on the Toronto Stock Exchange under the symbol PSD.

1. Significant accounting policies:

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from such estimates.

(a) Basis of presentation:

These consolidated financial statements include the accounts of the Corporation's wholly owned subsidiary company, Trango Technologies Inc., as well as its wholly owned trust, ReQuest Income Trust and its subsidiary companies and limited partnerships.

(b) Participation in joint ventures:

Certain of the Corporation's seismic data acquisition activities are conducted jointly with others. These financial statements reflect only the Corporation's proportionate interest in such activities.

(c) Revenue recognition:

Revenue is recorded as and when seismic data is delivered. In the case of multi-client surveys, this occurs when the seismic work, including data processing, is complete and delivery to the customer has occurred. In the case of library cards (requiring the subsequent delivery of seismic data), revenue is only recognized when the client has chosen specific data and taken delivery thereof; until then the sales value is recorded as deferred revenue.

(d) Cash and cash equivalents:

Short-term investments with an original maturity of three months or less are considered to be cash-equivalents and are stated at their fair value.

(e) Investments:

Investments are recorded at cost. Should the estimated fair value of an investment decline below its cost and this decline is considered to be other than temporary, the investment would be written down accordingly.

(f) Seismic data library, amortization:

The capital costs of the data library are amortized using the estimated sales method, with a time-frame ceiling of five years. Under this method amortization is determined, for each component of the library, based on the relationship between current period sales and estimated future sales. The Corporation reviews, at least annually, the carrying value of the data library to assess whether there has been any impairment in value. Additional amortization is recorded if it is determined that estimated future sales will not be sufficient to recover the carrying value of the asset within the time-frame ceiling. The foregoing reflects a change in estimate from that employed by the Corporation for 2001 and prior years. Amortization expense recorded for 2002 would have been increased by $8,756,000 using the previous estimates.

Prior to 2002 amortization was calculated on a fixed basis, based on estimated sales. The rates were differentiated and were dependent upon the category of the seismic survey (shot or purchased) and its estimated economic life, generally categorized as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5
Participation surveys	50%	30%	10%	5%	5%
Small purchased surveys	25%	25%	25%	25%	–
Large purchased surveys	20%	20%	20%	20%	20%

(g) **Capital assets**

Capital assets are recorded at cost less accumulated depreciation. Depreciation is provided on a declining-balance basis using the following annual rates:

Assets	Rate
Computer hardware and software	30%
Office equipment	20%
Leasehold improvements	Balance of the lease

(h) **Deferred financing costs**

Deferred financing costs, related to the new bank term loan in 2002, are being amortized over the term of this loan.

(i) **Future income taxes and deferred credit**

Income taxes are accounted for using the asset and liability method whereby future income tax assets and liabilities are recognized for the future income tax consequences attributable to temporary differences between the financial statement carrying amounts of assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using tax rates expected to apply when the asset is realized or the liability settled.

Up to December 31, 2001 the deferred credit, which arose on a purchase transaction effective August 1, 1999, was recognized in income in proportion to the realization of the future income tax asset recorded at that date. The original deferred credit represented the excess of future income taxes over the value of the assets purchased. The unamortized balance was adjusted, as necessary, to reflect changes in income tax rates. Effective January 1, 2002 the deferred credit was eliminated by way of an adjustment to retained earnings, in accordance with a change in generally accepted accounting principles.

(j) **Earnings per share**

Basic earnings per share is computed using the weighted-average number of common shares outstanding during the year, being 38,425,890 for 2002 and 15,672,167 for 2001 .

Diluted earnings per share is computed using the "treasury stock" method whereby outstanding share purchase warrants and stock options are only dilutive if, and to the extent, that they are "in the money".

(k) **Stock-based compensation**

Effective January 1, 2002 the Corporation adopted the new accounting standard for stock-based compensation. No compensation expense is recognized in the financial statements for stock options granted to employees, including directors. Any consideration received on the exercise of stock options is added to share capital. In addition, the Corporation discloses the proforma effect of accounting for the fair value of stock options granted.

(l) **Estimates and assumptions**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts

of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(m) **Comparative figures:**

Certain figures with respect to fiscal 2001 have been reclassified to conform to the current year's presentation.

2. Business combinations:

(a) **ReQuest Income Trust:**

Effective January 31, 2002 the Corporation acquired all of the 10,984,846 issued and outstanding units of ReQuest Income Trust, a Trust in the business of seismic data sales. The acquisition was accounted for using the purchase method of accounting with the results of operations included from the date of acquisition. The cost of the net assets acquired, at their estimated fair values, and the consideration paid were as follows:

Net assets acquired:		
Current assets	$	10,612
Investments		1,449
Seismic data library		48,945
Capital assets		1,424
Current liabilities		(19,272)
Long-term debt		(19,587)
Future income tax asset		4,314
	$	27,885
Consideration:		
Common shares (note 7)	$	27,175
Cash, for transaction costs, net of income taxes		710
	$	27,885

(b) **Trango Technologies Inc.:**

Effective February 1, 2001 the Corporation purchased the software division of Seisland Surveys Ltd. These assets were transferred into a new company, Trango Technologies Inc. ("Trango"), incorporated for this purpose. The combination was accounted for using the purchase method and the consolidated results include those of Trango effective from February 1, 2001:

Net assets acquired:		
Capital assets	$	725
Future income tax liability		(275)
Working capital		62
	$	512
Consideration:		
Common shares (note 7)	$	450
Cash		62
	$	512

3. **Seismic data library:**

2002	Cost	Accumulated amortization	Net book value
Seismic data library	$ 95,615	$ 29,405	$ 66,210
Participation surveys in progress	112	–	112
	$ 95,727	$ 29,405	$ 66,322

2001			
Seismic data library	$ 31,020	$ 16,925	$ 14,095
Participation surveys in progress	391	–	391
	$ 31,411	$ 16,925	$ 14,486

During 2002 the Corporation completed four exchange transactions with a total value of $3,092,000. Such exchanges involve the purchase of the proprietary rights to certain seismic data, the fair market value of which is recorded as an addition to the cost of the library, and the sale of licenses for the use of other seismic data, for which revenue is recorded for the fair market value thereof. One of these exchange transactions, for which the asset purchased and the revenue recorded was $776,000, was transacted on a non-cash basis.

4. **Capital assets:**

2002	Cost	Accumulated depreciation	Net book value
Computer hardware and software	$ 2,607	$ 1,743	$ 864
Office equipment	453	232	221
Leasehold improvements	304	185	119
	$ 3,364	$ 2,160	$ 1,204

2001			
Computer hardware and software	$ 927	$ 247	$ 680
Office equipment	63	13	50
Leasehold improvements	41	10	31
	$ 1,031	$ 270	$ 761

5. Income taxes:

Income tax expense differs from the amount that would be computed by applying the basic combined Federal and Provincial statutory income tax rate to earnings before income taxes. The reasons for the differences are as follows:

	2002	2001
Earnings before income taxes	$ 9,124	$ 7,669
Combined Federal and Provincial income tax rate	39.25%	42.12%
Computed income tax provision	3,581	3,229
Effects of differences:		
Reversal of valuation allowance in acquired company	(875)	–
Capital taxes	405	29
Adjustments for enacted changes in income tax rates	(150)	383
Non-deductible expenses	24	29
Amortization of deferred credit	–	(2,541)
Valuation allowance	–	1,100
Other	21	–
Actual income tax expense	$ 3,006	$ 2,229

The components of the net future income tax asset are as follows:

	2002	2001
Non-capital loss carry-forwards	$ 3,726	$ –
Foreign exploration and development expenditures	2,938	3,364
Share issue costs	374	221
Capital assets	(129)	(242)
Other	(129)	124
	6,780	3,467
Less valuation allowance	1,100	1,100
	$ 5,680	$ 2,367

At December 31, 2002 the Corporation had non-capital loss carry-forwards of $10,152,000 expiring in various amounts between 2007 and 2009.

6. Long-term debt:

	2002	2001
Bank term loan, repayable in set monthly instalments which vary over the term of the loan, plus interest at the lender's base rate plus 2.75%	$ 23,300	$ –
Long-term accounts payable	192	–
Bank term loan, due in monthly instalments of $56,000, plus interest at prime plus 1.5%	–	281
Equipment leases due in monthly instalments of $3,000, including interest at 8.5%	–	92
	23,492	373
Less principal due within one year	3,000	299
	$ 20,492	$ 74

In November 2002 the Corporation closed a $ 26.3 million financing package. Proceeds received to December 31, 2002 of $23.3 million from the financing were applied to refinance all existing bank loans acquired with the purchase of ReQuest Income Trust on January 31, 2002, with the balance being used to fund the Corporation's share of acquisition costs for this winter's multi-client seismic surveys. The remaining $3 million will be advanced to the Corporation in the next fiscal year.

The financing is secured by a first charge on all fixed assets now and hereafter, as well as a floating charge on all other assets.

The principal repayments due on the new credit facility commence January 15, 2003 and are as follows:

2003	$	3,000
2004		4,125
2005		5,250
2006		6,600
2007		7,325
	$	26,300

7. Share capital:

The Corporation's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred, issuable in series.

	Number of shares		Amount
Balance, December 31, 2000	14,925,479	$	11,613
Issued on business combination (note 2)	409,090		450
Issued for cash on exercise of share purchase warrants	1,963,118		2,601
Balance, December 31, 2001	17,297,687		14,664
Issued on business combination (note 2)	23,029,747		27,175
Issued for cash on exercise of stock options	80,000		90
Balance, December 31, 2002	40,407,434	$	41,929

The warrants outstanding at December 31, 2001 entitled the agent for the public offering completed in 2000 to purchase 386,250 common shares at a price of $1.35 per share, expired on May 10, 2002.

The Corporation has a stock option plan under which directors, officers and employees are eligible to receive options to purchase common shares of the Corporation. The options granted in 2002 vest one-third on each of the first, second and third anniversaries of the date of grant and expire on the fifth anniversary. The options granted prior to 2002 are fully vested. At December 31, 2002 options to purchase 2,455,000 shares were outstanding at exercise prices ranging from $0.97 to $1.27 and having a weighted average remaining life of 4.06 years.

	2002 Options		2002 Weighted average price	2001 Options		2001 Weighted average price
Outstanding, beginning of year	**815,000**	**$**	**1.14**	770,000	$	1.13
Granted	**2,218,333**		**1.10**	75,000		1.17
Expired	**(498,333)**		**1.06**	(30,000)		1.17
Exercised	**(80,000)**		**1.13**	–		–
Outstanding, end of year	**2,455,000**	**$**	**1.11**	815,000	$	1.14
Exercisable, end of year	**386,666**	**$**	**1.13**	419,997	$	1.13

For the year ended December 31, 2002 net earnings would have decreased by $225,000 and earnings per share would have remained unchanged had the Corporation charged the fair value of stock-based compensation to earnings. The per share weighted-average fair value of stock options granted during the year 2002 was $0.41 using the Black-Scholes options pricing model with the following assumptions: risk-free interest rate of 5.5%, expected life of 5.0 years and expected volatility of 34%.

8. Related party transactions:

During fiscal 1999 the Corporation purchased a 50% undivided interest in certain seismic data. Certain officers of the Corporation continue to hold an undivided interest in the same seismic data from which they have and will continue to earn revenue. The management contract between the parties is for the management and licensing of the seismic data to third parties for a success-based fee. The contract only permits payment of revenues to the related parties upon receipt of the licensing fees from the third parties. The amount due under these arrangements at December 31, 2002 was $163,922 (2001 – $174,000).

9. Financial instruments:

The carrying values of cash equivalents, accounts receivable, accounts payable and accrued liabilities, the amount due to related parties and long-term debt, all as reflected in the balance sheet, approximate their fair values.

Seismic industry practice includes participation in joint ventures and the use of brokers for the sale of seismic data licenses. In these circumstances the existence of intermediaries can limit the Corporation's control over customer selection and the collection of sales proceeds.

10. Commitments:

The Company is committed to annual operating lease payments as follows:

2003	$	424
2004		418
2005		148

11. Segmented information:

The Corporation specializes in acquiring, marketing and licensing non-exclusive seismic data. The inventory of seismic data is acquired either by shooting multi-client seismic surveys or by purchasing existing quality seismic data libraries. While the Corporation maintains a proprietary interest in the seismic data from all such surveys, the initial participants may be granted exclusive rights for an initial period during which the Corporation cannot license the data to others. Multi-client survey revenue includes all revenues for licenses sold prior to the delivery of the seismic data or the expiry of the exclusive period, which ever occurs later. Thereafter the data forms part of the Corporation's seismic data library. The Corporation's activities also include project management and other services related to the seismic industry, including software development carried out for the seismic industry by Trango Technologies Inc.

	Multi-client Participation Surveys		Data Library		Other		Total	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001
Revenue	**$ 13,288**	$ 17,703	**$ 15,946**	$ 5,583	**$ 2,379**	$ 1,345	**$ 31,613**	$ 24,631
Amortization	**6,644**	8,450	**5,836**	3,719	**–**	–	**12,480**	12,169
	$ 6,644	$ 9,253	**$ 10,110**	$ 1,864	**$ 2,379**	$ 1,345	**19,133**	12,462
Operating, general and administrative, depreciation and other expenses, net							**10,009**	4,793
Earnings before income taxes							**$ 9,124**	$ 7,669
Total assets	**$ 17,372**	$ 13,744	**$ 66,040**	$ 4,959	**$ 15,527**	$ 11,861	**$ 98,939**	$ 30,564
Capital expenditures	**$ 11,189**	$ 15,775	**$ 3,406**	$ 1,626	**$ 42**	$ 209	**$ 14,637**	$ 17,610

corporate info.

directors

Clark Zentner, Chairman of the Board
Independent Businessman
Calgary, Alberta

Arthur Dumont
Chairman and Chief Executive Officer
Technicoil Corporation
Calgary, Alberta

Douglas Freel
Vice-President
ARC Financial Corporation
Calgary, Alberta

Ken MacDonald
President and Chief Executive Officer
Pulse Data Inc.
Calgary, Alberta

Graham Weir
Independent Businessman
Calgary, Alberta

Don West
Independent Businessman
Calgary, Alberta

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Ken MacDonald
President and Chief Executive Officer

Douglas A. Cutts, CA
Vice President Finance and Chief Financial Officer

Martin McGinnis
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